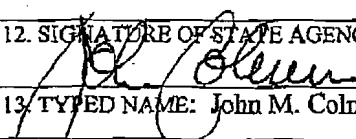


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VO. 3027 P. 5

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATIONFORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: SPA 07-04	2. STATE Maryland
FOR: HEALTH CARE FINANCING ADMINISTRATION		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE Medicaid	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE January 1, 2007	
5. TYPE OF PLAN MATERIAL (Check One):			
<input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION:		7. FEDERAL BUDGET IMPACT:	
		a. FFY 2007 \$47,550,000 3,872,277	
		b. FFY 2008 \$81,960,000 \$ 400,744	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):	
Attachment 2.2-A, Page 23b Supplement 8a to Attachment 2.6-A, Page 1		Attachment 2.2-A, Page 23b (04-02) Supplement 8a to Attachment 2.6A, Page 1 (04-20) (continued on page 2)	
10. SUBJECT OF AMENDMENT: This SPA addresses the pending financial shortfall in the Maryland Children's Health Program. Maryland is leveraging the opportunity provided by the federal Deficit Reduction Act of 2005, §§ 6041 and 6042 (Section 1916A(a)), permitting cost sharing for certain groups under the Medicaid State Plan.			
11. GOVERNOR'S REVIEW (Check One):			
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT X OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL:		16. RETURN TO:	
		Susan Tucker, Executive Director Office of Health Services Department of Health & Mental Hygiene 201 W Preston St, 1 st fl Baltimore, MD 21201	
13. TYPED NAME: John M. Colmers			
14. TITLE: Secretary, Department of Health & Mental Hygiene			
15. DATE SUBMITTED: March 14, 2007			

17. DATE RECEIVED: March 14, 2007		18. DATE APPROVED: MAY 07 2007	
19. PLAN APPROVED: ONE COPY ATTACHED		20. SIGNATURE OF STATE AGENCY OFFICIAL:	
21. SIGNATURE OF FEDERAL AGENCY OFFICIAL:		22. SIGNATURE OF FEDERAL AGENCY OFFICIAL:	
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Maryland DHMH Ex. 1

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VO. 3027 P. 6

SPA 07-04

Maryland

Medicaid

8. Page number of the plan section or attachment: 9. Page number of the superseded plan section or attachment:

Attachment 4.18-F, Page 1
Attachment 4.18-F, Page 2
Attachment 4.18-F, Page 3
Attachment 4.18-F, Page 4
Attachment 4.18-F, Page 5
Attachment 4.18-F, Page 6
Attachment 4.18-F, Page 7

Attachment 4.18-F, Page 1 (new)
Attachment 4.18-F, Page 2 (new)
Attachment 4.18-F, Page 3 (new)
Attachment 4.18-F, Page 4 (new)
Attachment 4.18-F, Page 5 (new)
Attachment 4.18-F, Page 6 (new)
Attachment 4.18-F, Page 7 (new)

APR. 4. 2008 6:28AM

VO. 3027 P. 7

FEDERAL REGULATION CITATIONS: SPA 07-04

- ☒ Attachment 2.2A 42 CFR 435.10
- ☒ Attachment 2.6A 42 CFR Part 435, Section 435.10 and Subparts G&H AT-78-90, AT-80-6, AT-80-34, 1902(l) and (n) of the Act, P.L. 99-509 (Secs. 9401 and 9402), 1902 (l) and (n) and 1920 of the Act, P.L. 99-509 (Secs. 9401, 9402, and 9407)
- Attachment 3.1A Part 400, Subpart B and 1902(e)(5), 1905(a)(18) through (20), and 1920 of the Act, P.L. 99-272 (Sections 9501, 9505 and 9526) and 1902(a), 1902(a)(47), 1902 (e)(7) through (9), and 1920 of the Act, P.L. 99-509 (Sections 9401(d), 9403, 9406 through 9408) and P.L. 99-514 (Section 1985(c)(3))
- Attachment 3.1B 42 CFR Part 440, Subpart B, 42 CFR 441.15, AT-78-90, AT-80-34
- Attachment 3.1C 42 CFR 431.53, AT-78-90
- Attachment 3.1F 1905(a)(24) and 1930 of the Act, P.L. 101-508 (Section 4712 OBRA 90)-
- Attachment 4.18A 447.51 through 447.58
- Attachment 4.18C 447.51 through 447.58
- ☒ Attachment 4.18-F 447.50-447.59
- Attachment 4.19 A&B (a) 42 CFR 447.252, 46 FR 44964, 48 FR 56046, 50 FR 23009, 1902(e)(7) of the Act, P.L. 99-509 (Section 9401(d))
- (b) 42 CFR 447.201, 42 CFR 447.302, AT-78-90, AT-80-34, 1903(a)(1) and (n) and 1920 of the Act, P.L. 99-509 (Section 9403, 9406 and 9407), 52 FR 28648
- Attachment 4.16 42 CFR 431.615(c) AT-78-90
- Attachment 4.19D (d) 42 CFR 447.252, 47 FR 47964, 48 FR 56046, 42 CFR 447.280, 47 FR 31518, 52 FR 28141
- Attachment 4.22A (a) 433.137(a), 50 FR 46652, 55 FR 1423
- Attachment 4.22B (b) 433.138(f), 52 FR 5967, 433.138(g)(1)(ii) and (2)(ii), 52 FR 5967, 433.133(g)(3)(i) and (iii), 52 FR 5967, 433.138(h)(4)(i) through (iii), 52 FR 5967
- Attachment 4.22C Section 1906 of the Act
- Attachment 4.26 1927(g) 42 CFR 456.700, 1927(g)(1)(A), 1927(g)(1)(a) 42 CFR 456.705(b) and 456.709(b), 1927(g)(1)(B) 42 CFR 456.703(d) and (f), 1927(g)(1)(D) 42 CFR 456.703(b), 1927(g)(2)(A) 42 CFR 456.705(b), 1927(g)(2)(A)(i) 42 CFR 456.705(b), 1927(g)(2)(A)(ii) 42 CFR 456.705(c) and (d), 1927(g)(2)(B) 42 CFR 456.709(a), 1927(g)(2)(C) 42 CFR 456.709(b), 1927(g)(2)(D) 42 CFR 456.711, 1927 (g)(3)(A) 42 CFR 456.716(a), 1927 (g)(3)(B) 42 CFR 456.716 (A) and (B), 1927(g)(3)(C) 42 CFR 456.716 (d) 1927(g)(3)(C) 42 CFR 456.711 (a)-(d), 1927 (g)(3)(D) 42 CFR 456.712 (A) and (B), 1927(b)(1) 42 CFR 456.722, 1927(g)(2)(A)(i) 42 CFR 456.705(b), 1927(j)(2) 42 CFR 456.703(c)
- Attachment 4.32A (a) 435.940 through 435.960, 52 FR 5967
- Attachment 4.33A (a) 1902(a)(48) of the Act, P.L. 99-570 (Section 11005), P.L. 100-93 (Section 6(a)(3))
- Attachment 4.35A (a) 1919(b)(1) and (2) of the Act, P.L. 100-103 (Section 4212(a))
- Attachment 4.35B (b) Same as above

Effective Date: June 1, 2007

APR. 4. 2008 6:28AM

VO. 3027 P. 9

Attachment 4.18-F

Page 2

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory:

family involved, as applied on a monthly and quarterly basis as specified by the State above.

- Cost sharing with respect to any item or service may not exceed 10 percent of the cost of such item or service.

c. No cost sharing will be imposed for the following services:

- Services furnished to individuals under 18 years of age that are required to be provided Medicaid under section 1902(a)(10)(A)(i), and including services furnished to individuals with respect to whom aid and assistance is made available under part B of title IV to children in foster care and individuals with respect to whom adoption or foster care assistance is made available under part E of such title, without regard to age;
- Preventive services (such as well baby and well child care and immunizations) provided to children under 18 years of age, regardless of family income;
- Services furnished to pregnant women, if such services relate to the pregnancy or to any other medical condition which may complicate the pregnancy;
- Services furnished to a terminally ill individual who is receiving hospice care, (as defined in section 1905(o) of the Act);
- Services furnished to any individual who is an inpatient in a hospital, nursing facility, intermediate care facility for the mentally retarded, or other medical institution, if such individual is required, as a condition of receiving services in such institution under the State plan, to spend for costs of medical care all but a minimal amount of the individual's income required for personal needs;
- Emergency services as defined by the Secretary for the purposes of section 1916(a)(2)(D) of the Act;
- Family planning services and supplies described in section 1905(a)(4)(C) of the Act; and
- Services furnished to women who are receiving Medicaid by virtue of the application of sections 1902(a)(10)(A)(ii)(XVIII) and 1902(aa) of the Act.

d. Enforcement

1. ☐ / Providers are permitted to require, as a condition for the provision of care, items, or services, the payment of any cost sharing.

2. ☐ / (If above box selected) Providers permitted to reduce or waive cost sharing on a

TN No. 07-04Approval Date MAY 07 2007Supersedes TN No. NEWEffective Date: June 1, 2007

APR. 4. 2008 6:29AM

VO. 3027 P. 10

Attachment 4.18-F
Page 3

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory:

case-by-case basis.

3. State payments to providers must be reduced by the amount of the beneficiary cost sharing obligations, regardless of whether the provider successfully collects the cost sharing.

4. States have the ability to increase total State plan rates to providers to maintain the same level of State payments when cost sharing is introduced.

2. Premiums

No premiums may be imposed for individuals with family income above 100 percent but below 150 percent of the FPL.

B. For groups of individuals with family income above 150 percent of the FPL:

1. Cost sharing amounts

a. X / No cost sharing is imposed.

b. / Cost sharing is imposed under section 1916A of the Act as follows (specify amounts by groups and services (see below)):

Group of Individuals	Item/Service	<u>Type of Charge</u>		*Method of Determining Family Income (including monthly or quarterly period)
		Deductible	Co-insurance Co-payment	

*Describe the methodology used to determine family income if it differs from your methodology for determining eligibility.

Attach a copy of the schedule of the cost sharing amounts for specific items and the various

TN No. 07-04

Approval Date

MAY 07 2007Supersedes TN No. NEWEffective Date: June 1, 2007

APR. 4. 2008 6:29AM

VO. 3027 P. 11

Attachment 4.18-F
Page 4

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory:

eligibility groups.

b. Limitations:

- The total aggregate amount of all cost sharing and premiums imposed under section 1916A for all individuals in the family may not exceed 5 percent of the family income of the family involved, as applied on a monthly or quarterly basis as specified by the State above.
- Cost sharing with respect to any item or service may not exceed 20 percent of the cost of such item or service.

c. No cost sharing shall be imposed for the following services:

- Services furnished to individuals under 18 years of age that are required to be provided Medicaid under section 1902(a)(10)(A)(i) of the Act, and including services furnished to individuals with respect to whom aid and assistance is made available under part B of title IV to children in foster care, and individuals with respect to whom adoption or foster care assistance is made available under part E of such title, without regard to age;
- Preventive services (such as well baby and well child care and immunizations) provided to children under 18 years of age regardless of family income;
- Services furnished to pregnant women, if such services relate to the pregnancy or to any other medical condition which may complicate the pregnancy;
- Services furnished to a terminally ill individual who is receiving hospice care (as defined in section 1905(o) of the Act);
- Services furnished to any individual who is an inpatient in a hospital, nursing facility, intermediate care facility for the mentally retarded, or other medical institution, if such individual is required, as a condition of receiving services in such institution under the State plan, to spend for costs of medical care all but a minimal amount of the individual's income required for personal needs;
- Emergency services as defined by the Secretary for the purposes of section 1916(a)(2)(D) of the Act;
- Family planning services and supplies described in section 1905(a)(4)(C) of the Act; and
- Services furnished to women who are receiving Medicaid by virtue of the application of sections 1902(a)(10)(A)(ii)(XVIII) and 1902(aa) of the Act.

TN No. 07-04Approval Date MAY 07 2007Supersedes TN No. NEWEffective Date: June 1, 2007

APR. 4. 2008 6:29AM

VO. 3027 P. 12

Attachment 4.18-F
Page 5

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory:

d. Enforcement

1. ☐ / Providers are permitted to require, as a condition for the provision of care, items, or services, the payment of any cost sharing.
2. ☐ / (If above box selected) Providers permitted to reduce or waive cost sharing on a case-by-case basis.
3. State payments to providers must be reduced by the amount of the beneficiary cost sharing obligations, regardless of whether the provider successfully collects the cost sharing.
4. States have the ability to increase total State plan rates to providers to maintain the same level of State payments when cost sharing is introduced.

2. Premiums

- a. ☐ / No premiums are imposed.
- b. ☒ / Premiums are imposed under section 1916A of the Act as follows (specify the premium amount by group and income level.

Group of Individuals	Premium	Method for Determining Family Income (including monthly or quarterly period)
Children eligible under 1902(a)(10)(A)(ii)(XIV) whose family income is above 200 percent but at or below 250 percent of the FPL	\$44	Monthly, using countable net income as determined for eligibility purposes
Children eligible under 1902(a)(10)(A)(ii)(XIV) whose family income is above 250 percent but at or below 300 percent of the FPL	\$55	Monthly, using countable net income as determined for eligibility purposes

Attach a schedule of the premium amounts for the various eligibility groups.

TN No. 07-04Approval Date MAY 07 2007Supersedes TN No. NEWEffective Date: June 1, 2007

APR. 4. 2008 6:29AM

VO. 3027 P. 13

Attachment 4.18-F
Page 6

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory:

b. Limitation:

- The total aggregate amount of premiums and cost sharing imposed for all individuals in the family may not exceed 5 percent of the family income of the family involved, as applied on a monthly or quarterly basis as specified by the State above.

c. No premiums shall be imposed for the following individuals:

- Individuals under 18 years of age that are required to be provided medical assistance under section 1902(a)(10)(A)(i), and including individuals with respect to whom aid or assistance is made available under part B of title IV to children in foster care and individuals with respect to whom adoption or foster care assistance is made available under part E of such title, without regard to age;
- Pregnant women;
- Any terminally ill individual receiving hospice care, as defined in section 1905(o);
- Any individual who is an inpatient in a hospital, nursing facility, intermediate care facility, or other medical institution, if such individual is required, as a condition of receiving services in such institution under the State plan, to spend for costs of
- medical care all but a minimal amount of the individual's income required for personal needs; and
- Women who are receiving Medicaid by virtue of the application of sections 1902(a)(10)(A)(ii)(XVIII) and 1902(aa) of the Act.

d. Enforcement

1. X / Prepayment required for the following groups of individuals who are applying for Medicaid: The State determines the child meets eligibility criteria and notifies the family that the child will be eligible if the family pays the premium. The family sends the initial premium within 30 days. For children who do not have MCO history within 120 days, the State sends the family an MCO enrollment packet. The family has 21 days to choose an MCO or the child will be assigned to an MCO in their area.
2. X / Eligibility terminated after failure to pay for 60 days for the following groups of individuals who are receiving Medicaid:

TN No. 07-04Approval Date MAY 07 2007Supersedes TN No. NEWEffective Date: June 1, 2007

APR. 4. 2008 6:29AM

VO. 3027 P. 14

Attachment 4.18-F
Page 7

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory:

3. X / Payment will be waived on a case-by-case basis for undue hardship.

C. Period of determining aggregate 5 percent cap

Specify the period for which the 5 percent maximum would be applied.

 / Quarterly X / Monthly**D. Method for tracking cost sharing amounts**

Describe the State process used for tracking cost sharing and informing beneficiaries and providers of their beneficiary's liability and informing providers when an individual has reached his/her maximum so further costs are no longer charged.

Also describe the State process for informing beneficiaries and providers of the allowable cost sharing amounts.

The State notifies the family of the premium amount with the notification that the child will be eligible if the family pays the premium. Federal regulations require that premiums do not exceed 5% of income. To meet this requirement, Maryland has historically set the premium amount at between two and three percent of the lower income threshold of the FPL range. This calculation will not change with the amendment. Premiums are billed on a monthly basis. There is no cost sharing beyond the premium.

TN No. 07-04Approval Date MAY 07 2007Supersedes TN No. NEWEffective Date: June 1, 2007

APR. 4. 2008 6:29AM

VO. 3027 P. 15

ATTACHMENT 2.2-A
Page 23b

Citation	Groups Covered
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B. Optional Coverage Other Than the Medically Needy
(continued)1902(a)(10)(A)
(ii)(XIV) of the ActX 20. Optional Targeted Low Income Children who:

- a. are not eligible for Medicaid under any other optional or mandatory eligibility group or eligible as medically needy (without spend-down liability);
- b. would not be eligible for Medicaid under the policies in the State's Medicaid plan as in effect on April 15, 1997 (other than because of the age expansion provided for in §1902(1)(2)(D));
- c. are not covered under a group health plan or other group health insurance (as such terms are defined in §2791 of the Public Health Service Act coverage) other than under a health insurance program in operation before July 1, 1997 offered by a State which receives no Federal funds for the program;
- d. have family income at or below:

200 percent of the Federal poverty level for the size family involved, as revised annually in the Federal Register; or

A percentage of the Federal poverty level, which is in excess of the "Medicaid applicable income level" (as defined in §2110(b)(4) of the Act) but by no more than 50 percentage points.

The State covers:

- X All children described above who are under age 19 (18, 19) with family income at or below 200 percent of the Federal poverty level.

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Supersedes
TN No: 04-02

APR. 4. 2008 6:29AM

VO. 3027 P. 16

Revision: HCFA-PM-91 (BDP)
AUGUST 1991SUPPLEMENT 8a TO ATTACHMENT 2.6-A
Page 1
OMB NO.: 0938-

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: Maryland

MORE LIBERAL METHODS OF TREATING INCOME

UNDER SECTION 1902(r)(2) OF THE ACT

☐

Section 1902(f) State

☒

Non-Section 1902 (f) State

The more liberal income methodology is as follows:

1. Countable net income which exceeds 133% of the Federal Poverty Level (FPL) but is less than 185% of the FPL will be disregarded for children whose eligibility is related to the FPL under Section 1902(l)(1)(C) and 1902(l)(2)(B).
2. Countable net income which exceeds 100% of the FPL but is less than 185% of the FPL will be disregarded for children whose eligibility is related to the FPL under Section 1902(l)(1)(D) and 1902(l)(2)(C).
3. Countable net income which exceeds 200% of the FPL but is less than 300% of the FPL will be disregarded for children eligible under Section 1902(a)(10)(A)(ii)(XIV).

*More liberal methods may not result in exceeding gross income limitations under section 1903(f).

TN No. 07-04

Supersedes

TN No. 04-20

Approval Date

MAY 07 2007

Effective Date June 1, 2007



DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

Administrator
Washington, DC 20201

MAY 21 2007

Mr. Charles E. Lehman
Executive Director
Office of Operations, Eligibility and Pharmacy
Maryland Department of Health and Mental Hygiene
201 W. Preston Street
Baltimore, MD 21201

Dear Mr. Lehman:

We are pleased to inform you that your State Children's Health Insurance Program (SCHIP) State plan amendment submitted February 13, 2007, with additional information provided on April 12, 2007, and April 20, 2007, has been approved.

The State currently has a combination program that covers children above Medicaid income levels up to 200 percent of the Federal poverty level (FPL) through a title XXI Medicaid expansion, and children over 200 percent of the FPL up to and including 300 percent through a separate program. This amendment changes the State's current combination program to a Medicaid expansion only program. The State will eliminate its separate program and extend the current Medicaid expansion upper income to 300 percent of the FPL.

Your title XXI project officer is Ms. June Milby. She is available to answer questions concerning this amendment and other SCHIP-related issues. Ms. Milby's contact information is as follows:

Centers for Medicare & Medicaid Services
Center for Medicaid and State Operations
Mail Stop S2-01-16
7500 Security Boulevard
Baltimore, MD 21244-1850
Telephone: (410) 786-8686
Facsimile: (410) 786-5882
E-mail: June.Milby@cms.hhs.gov

Official communications regarding program matters should be sent simultaneously to Ms. Milby and to Mr. Ted Gallagher, Acting Associate Regional Administrator in our Philadelphia Regional Office.

Maryland DHMH Ex. 2

Page 2 - Mr. Charles Lehman

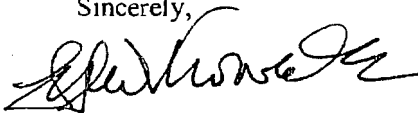
Mr. Gallagher's address is:

Centers for Medicare & Medicaid Services
Division of Medicaid and State Operations
The Public Ledger Building, Suite 230
150 S. Independence Mall West
Philadelphia, PA 19106-3499

If you have additional questions, please contact Ms. Jean Sheil, Director, Family and Children's Health Programs Group, Center for Medicaid and State Operations, at (410) 786-5647.

We look forward to continuing to work with you and your staff.

Sincerely,

A handwritten signature in black ink, appearing to read "Leslie V. Norwalk". The signature is fluid and cursive, with a large initial "L" and "N".

Leslie V. Norwalk, Esq.
Acting Administrator

Page 3 - Mr. Charles Lehman

cc: CMS Region III Office

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop C2-21-15
Baltimore, Maryland 21244-1850



Center for Medicaid & State Operations, Family & Children's Health Program Group

JAN 28 2008

Dear SCHIP Director:

This letter is a follow-up to the State Health Official Letter (SHO) of August 17, 2007, that clarifies how the Centers for Medicare & Medicaid Services (CMS) applies existing statutory and regulatory requirements in reviewing eligibility expansions under the State Children's Health Insurance Program (SCHIP) to families with effective family income levels above 250 percent of the Federal poverty level (FPL).

I want to reaffirm that this guidance was specifically designed to apply to new applicants, rather than to individuals currently served by the program. States, such as yours, that currently provide coverage to children with effective family incomes over 250 percent of the FPL have 12 months or until August 16, 2008, to come into compliance with the required crowd-out strategies and assurances laid out in the August 17th SHO for new enrollees.

It is our intention to work cooperatively with you so that your state will be able to permit the enrollment of additional children in higher income families if the reasonable standards of the August 17th guidance are met. And as such, we would like to begin discussions on how your State will implement appropriate procedures, if they are not already in place. Specifically, we look forward to upcoming discussions on your State's crowd-out strategy implementation plan and assurance that the State has enrolled at least 95 percent of the children in the State below 200 percent of the FPL who are eligible for either SCHIP or Medicaid. I would ask that you work with Ms. Kathleen Farrell, Director of the Division of State Children's Health Insurance, and her staff, to set up a conference call in the next few weeks. Ms. Farrell may be reached at 410-786-1236.

Sincerely,

Susan Cuerton
Acting Director